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15 MAR 1974

Honorable William Proxmire
United States Senate
Washington, D. C. 20510

Dear Senator Proxmire:

I have reviewed the suggestions made in your letter of 12 March 1974. I will be pleased to appear before the Priorities and Economy in Government Subcommittee of the Joint Economic Committee as specified in your letter--my appearance will be in executive session followed by a quick process of sanitizing the hearing record for public release. This procedure should satisfy the otherwise conflicting objectives of meeting the needs of your Committee and the public for information on priority economic questions and my obligations to protect intelligence sources and methods.

With respect to the areas of interest specified in your letter, we can certainly give the Committee comprehensive briefings on the economies of the USSR and the PRC, using U.S. data whenever it is appropriate for meaningful comparisons or better appreciation of the magnitudes involved. I also anticipate that the bulk of this testimony can be rather easily sanitized.

We will, of course, also testify on Soviet and Chinese resource commitments to military and space activities together with comparative data on the U.S. where appropriate. Releasing this testimony will be more difficult. As you know, both the USSR and the PRC treat data on their military and space expenditures as state secrets. [REDACTED]

[REDACTED] While I am confident that the Committee can be fully briefed in executive session, I am not sanguine that much of this testimony can be placed in the public domain.

In regard to the contributions the Agency might make to the work of the Joint Economic Committee, I note that officers from this Agency have been very active contributors to the annual studies produced by the Joint Economic Committee. A list of these authors and their contributions is enclosed. I believe these contributions and the types of hearings discussed above are probably the most useful and feasible forms of support. There are, of course, a number of unclassified Agency publications, such as the NIS Factbook and Weekly Economic Indicators, which can be made available to the Committee staff. In addition, I suggest we make arrangements for members of your staff to alert my staff to the future plans of the Joint Committee so that we can identify areas in which the Agency product could be useful.

I have not commented on your interest in discussing the requirements of the intelligence community, its budget and its responsibilities. This presents a larger problem which I do not feel I can go into in the context of our substantive briefings on the other areas of interest to you. As I indicated to you in my letter of 2 March 1974, it is my wish and intention to be responsive to the Congress to the maximum degree feasible within congressional mandate placed upon me in the National Security Act to protect intelligence sources and methods. I have appeared before a number of committees of the Congress in an effort to do this. Since it has been the practice of the Senate that I respond only to the designated Subcommittees of the Armed Services Committee and Appropriations Committee on matters pertaining to operational and organizational details, I feel I cannot discuss these matters in the type of forum we agreed upon for the substantive intelligence briefing of your Subcommittee.

I have asked Mr. George Cary, my Legislative Counsel, to contact your staff to arrange a mutually convenient time for the first hearing. I would hope to be able to testify on the Soviet and Chinese economies early next month.

Sincerely,

15 MAR 1974

W. E. Colby
Director

Enclosure

Letter to Senator Proxmire

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